

DESCRIPTION OF FY2000 TAXES

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Amusement Machine License	32 § 7501	\$100 per machine, \$75 if placed in operation after July 1, \$50 if placed in operation after October 1	Annual license required for each amusement or gaming machine into which may be inserted a piece of money or other object for which money is paid and which may be operated by the player in attempting to make a score or reach a standard.
Bank Franchise	32 § 5836	.000096 of average monthly deposit	Tax assessed on franchise or privilege of doing business in Vermont on every corporation which is a bank, savings bank, savings institution, trust company, and every savings and loan association or building and loan association that has a business location in Vermont.
Beverage	7 § 421	26.5¢ per gallon malt 55¢ per gallon vinous	Tax is paid by every bottler and wholesaler on each gallon, or its equivalent, of malt and vinous beverages sold by them to retailers in this state.
Cigarette	32 § 7771	44¢ per package	Tax is prepaid by wholesaler when purchasing stamps or meter impressions which must be applied to each pack before sale to retailers. Every wholesale dealer or distributor must be licensed to do business. Licenses are without fee and non-transferable.
Electric Energy	32 § 8661	2.75% of appraised value	Electric generating plants with a name plate generating capacity of 200,000 kilowatts or more pay tax on appraised value.
Estate	32 § 7442a	Measured by federal credit for state death taxes	For deaths after December 31, 1979, the estate tax is measured by the amount of the federal credit for state death taxes allowable under Section 2011 of the Internal Revenue Code.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Freight Lines & Transportation Companies	32 § 8433	1.25% of appraised value of rolling stock	Tax is assessed on the fair and just value of the rights, property and corporate franchise of each steamboat, car or transportation company, provided that the appraisal of property of any foreign freight line and equipment company shall include only property of such company and not its corporate franchise.
Fuel Gross Receipts	33 § 2503	0.5% on retail sales of fuel	Tax is on the retail seller of fuels other than motor fuel to fund the home weatherization assistance trust. Sunset provision extended to July 1, 2003.
Games of Chance Licenses	32 § 10204	Manufacturer's license \$3,000 annually; distributor's license \$2,000 annually	Manufacturers and distributors of break-open tickets for sale in Vermont must be licensed by the Commissioner. Only nonprofit organizations may purchase from distributors, and each ticket sold must bear a unique serial number.
<p>Hazardous Waste Generation</p> <p>Persons initiating shipment:</p> <p>Recycled</p> <p>Nonrecycled</p> <p>Certain waste in Vermont for less than 180 days</p> <p>Facilities as defined in 10 V.S.A. § 6606:</p> <p>Recycled</p> <p>Treated</p> <p>Disposed of in landfill</p>	32 § 10103	<p>Rates vary depending on treatment and disposal</p> <p>11¢ per gallon or 1.4¢ per lb.</p> <p>23.6¢ per gal or 30¢ per lb.</p> <p>1.0¢ per lb.</p> <p>11¢ per gallon or 1.4¢ per lb.</p> <p>15.7¢ per gallon or 2.0 per lb.</p> <p>23.6¢ per gallon or 3.0 per lb.</p>	Tax is on persons initiating shipment of hazardous waste who are required to file a manifest pursuant to federal resource conservation and recovery act and facilities required to obtain certification under 10 V.S.A. § 6606. Tax is based on the volume and destination of hazardous waste.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Income, Corporate	32 § 5832	\$0-10,000 7%; \$700 + 8.10% of excess over \$10,000; \$1,915 + 9.2% of excess over \$25,000; \$22,615 + 9.75% of excess over \$250,000	Tax is on Vermont net corporate income allocated or apportioned to Vermont. Minimum tax is \$250 (\$75 for small farm corporations).
Income, Personal	32 § 5822	24% of federal income tax liability	Tax is imposed on the Vermont income of every individual, estate and trust.
Insurance	32 § 8551	2% of gross premiums and assessments	Domestic or foreign insurance companies, associations or societies, other than life, surety or guaranty companies, are assessed a 2% tax per year on gross premiums and assessments written or collected for business in this state, excluding premiums for reinsurance.
Insurance, Captive	8 § 6014	Direct premiums tax ranges from .004% to .00075%, decreasing as direct premiums increase. Reinsurance premiums tax ranges from .00225% to .00025%, decreasing as the total reinsurance premiums increase.	Captive insurance companies are assessed a .004% tax on the first \$20 million, .003% on the next \$20 million, .002% on the next \$20 million, .00075% on each dollar thereafter on direct premiums; plus .00225% of first \$20 million and .00150% of the next \$20 million and .00050% on the next \$20 million and .00025% of each dollar thereafter on reinsurance premiums of \$5,000 or more. There is a minimum tax of \$5,000.
Insurance, Surplus	8 § 5035	3% of gross premiums less return premiums	Tax is imposed on gross premiums, less return premiums, for surplus lines coverage placed with nonadmitted insurers.
Land Gains	32 § 10001	5% - 80% of gain on land sold if seller held land less than 6 years	Tax is on the gain made from the sale or exchange of land located in Vermont and held by the seller less than six years. Rate is in inverse proportion to holding period.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Land Use Change	32 § 3757	20% of full fair market value of developed land	Tax is assessed if agricultural or managed forest land previously appraised under the land use value program is developed.
Meals and Rooms	32 § 9241	9% on meals and rooms; 10% tax on alcoholic beverages	Tax is on the gross receipts from the rental of rooms and the charge for meals, including alcoholic beverages. A one-time, non-transferable license is necessary before engaging in serving taxable meals or rental of rooms.
Musical Machine	32 § 7502	\$25 per machine	Annual license required for coin operated machines which provide musical, vocal or visual entertainment.
Property Transfer	32 § 9602	1.25% of value of the property transferred, except principal residence and Title 7 housing cooperatives: 0.5% of first \$100,000 + 1.25% of amount greater than \$100,000. Chapter 124 land use programs: 0.5%	Tax is imposed upon the transfer of title by deed to property located in this state.
Railroad	32 § 8211	1% of appraised value	Tax is assessed annually upon the appraised value of property and corporate franchise of each person or corporation owning or operating a railroad located in whole or in part within this state. 50% of the tax is paid to each town where railroad real estate is located.
Sales and Use	32 § 9771	5% (4.36% on telecommunications services)	Sales tax is on the retail sales price or rental charge of tangible personal property, the charge for amusements, and the retail sale of telecommunications services. Use tax is on the retail sales price of tangible personal property that is to be used, stored, or consumed within Vermont where no Vermont sales tax was payable.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Solid Waste	32 § 5952	\$6.00 per ton (certain small landfills may pay on volume)	Tax is on public and private certified treatment and waste facilities.
Statewide Education Property	32 § 5402	\$1.10 per \$100 of equalized education property value	Tax is imposed on all nonresidential and homestead property and is collected by the towns. (Towns' obligation is \$1.10 x municipality's equalized education grand list for the previous year.) Individual tax liability is adjusted pursuant to the income sensitivity provisions of Title 32, Chapter 154.
Solid Waste	32 § 5952	\$6.00 per ton (certain small landfills may pay on volume)	Tax is on public and private certified treatment and waste facilities.
Telephone	32 § 8521	2.37% of net book value on preceding December 31	Tax is on all of the company's personal property within the state.
Telephone (Alternative Tax)	32 § 8522	2.25% to 5.25% of gross operating revenue	Tax may be elected in lieu of telephone property tax by companies with less than \$50 million in gross operating revenue in previous year.
Tobacco	32 § 7811	41% of wholesale price	Tax is imposed on the wholesale price of tobacco products (other than cigarettes) that a distributor imports into or manufactures in this state.

TYPE OF TAX	V.S.A. REFERENCE	TAX RATE	DESCRIPTION
Local Option (municipally imposed tax)	24 § 138	1% of sales taxable under sales tax	Authorized until 1/1/05 for certain towns impacted by Act 60. Tax is on sales subject to state sales tax (except clothing under \$110 is taxed and telecommunications charges are not taxed). Receipts are divided 70% to town and 30% to PILOT. Only Manchester has elected this tax as of 1/15/01.

DESCRIPTION OF TAX CREDITS AND PROGRAMS

TYPE OF CREDIT/REBATE	V.S.A. REFERENCE	AMOUNT OF CREDIT/REBATE	DESCRIPTION
Children's Trust Fund	32 § 5862b	N/A	Contributions of designated portion of income tax refund to Children's Trust Fund.
Commercial Film Production Credit	32 § 5826	Difference between Vermont tax on such income and tax in taxpayer's state of residence.	Credit against income tax for income received for a dramatic performance in a commercial film production.
Economic Advancement Tax Incentives	32 § 5930b - 5930g		Business may request approval of not more than 3 of these credits against income tax. Credits must be approved by Vermont Economic Progress Council.
1. payroll credit	32 § 5930c	1. percent of increased payroll costs	
2. research and development credit;	32 § 5930d	2. 10% of qualified research and development expenditures	
3. workforce development incentive credit	32 § 5930e	3. 10% of qualified training, education and workforce development expenditures	
4. export tax incentive	32 § 5930f	4. difference due to double weighing sales factor	
5. small business investment credit	32 § 5930g	5. 5% to 10% of investments within Vermont in excess of \$150,000 in plant and facilities and machinery and equipment	
Financial Services Development Credit	32 § 5922	Amount of qualified person's Vermont income tax liability from investment management sources multiplied by certain ratios.	Credit against income tax for persons primarily engaged in business as an investment advisor or in investment management.
Historic Building Rehabilitation Credits	32 § 5930n	5% of qualified rehabilitation expenditures under 26 U.S.C. § 47(c)	Available to taxpayer also claiming federal credit
	32 § 5930p	25% of qualified expenditures (not to exceed \$100,000)	Expenditure must be certified by local board.

TYPE OF CREDIT/REBATE	V.S.A. REFERENCE	AMOUNT OF CREDIT/REBATE	DESCRIPTION
Homestead Property Tax Income Sensitivity Adjustment	32 § 6066	a. Statewide education tax in excess of 2.0 percent of household income or assessment if equalized value of home-stead were reduced by \$15,000; b. local share tax derived from adjusted statewide tax; c. credit against income equal to amount by which adjusted property taxes exceed a percent-age of household income: \$0-4,999, 3.5% \$5,000-9,999, 4.0% \$10,000-24,999, 4.5% \$25,000-47,000, 5.0%	For claimants with household income of less than \$75,000, (a) and (b) are available; for claimants with household income of \$47,000 or less, (c) is also available. For claimants with household income of \$75,000 or more, (a) and (b) are available limited as follows: statewide property tax liability is limited to the lesser of 2% of household income plus the statewide property tax of the value of the homestead in excess of \$160,000.
Housing Investment Tax Credit	32 § 5830c	Variable, not to exceed 3% of average out-standing balance of investment	A credit against personal or corporate income, bank franchise and insurance gross premiums tax for investment in eligible housing charities.
Mobile Home Park Sale Credit	32 § 5828	7% of taxpayer's gain subject to federal income tax	Credit for capital gains on sale of mobile home park to majority of park's leaseholders.
Nongame Wildlife Fund	32 § 5862a	N/A	Contributions of designated portion of income tax refund to Fish and Wildlife Department.
Training Tax Credit	32 § 5930t	Up to \$400 per qualified employee per taxable year	A credit against income tax for training expenses associated with providing training to individual employees.
Vermont Campaign Fund Add-on	32 § 5862c	N/A	Contributions of designated portion of income tax refund to the Vermont Campaign Fund.
Vermont Earned Income Tax Credit	32 § 5828(b)	32% of federal credit	A credit against income tax liability is allowed for resident and part-year resident individuals receiving the Federal Earned Income Tax Credit.

SALES AND USE TAX STATISTICS

Fiscal Year Summary by County

<u>COUNTY</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>DIFFERENCE</u>	<u>% CHG.</u>
Addison	\$6,213,901	\$6,145,491	\$(68,410)	-1.1%
Bennington	16,229,295	16,534,867	305,572	1.9%
Caledonia	6,126,316	6,165,243	38,927	0.6%
Chittenden	63,679,988	66,261,534	2,581,546	4.1%
Essex	332,016	331,597	(419)	-0.1%
Franklin	7,733,861	7,959,786	225,925	2.9%
Grand Isle	472,885	518,698	45,813	9.7%
Lamoille	7,340,137	7,441,891	101,754	1.4%
Orange	3,094,770	3,213,024	118,254	3.8%
Orleans	5,212,233	5,644,205	431,972	8.3%
Rutland	23,584,589	23,666,754	82,165	0.3%
Washington	14,595,492	14,938,184	342,692	2.3%
Windham	10,448,218	10,493,097	44,879	0.4%
Windsor	11,355,379	11,857,406	502,027	4.4%
Out-of-State	26,782,147	29,642,668	2,860,521	10.7%
GRAND TOTAL ¹	\$203,201,229	\$210,814,443	\$7,613,218	3.7%

MEALS AND ROOMS STATISTICS

Fiscal Year Summary by County

<u>COUNTY</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>DIFFERENCE</u>	<u>% CHG.</u>
Addison	\$3,077,866	\$3,264,120	\$186,254	6.1%
Bennington	7,484,127	7,862,122	377,995	5.1%
Caledonia	2,101,454	2,222,848	121,394	5.8%
Chittenden	20,512,909	22,663,479	2,150,570	10.5%
Essex	258,337	266,018	7,681	3.0%
Franklin	2,549,560	2,749,452	199,892	7.8%
Grand Isle	392,679	466,182	73,503	18.7%
Lamoille	7,618,038	8,020,351	402,313	5.3%
Orange	1,438,293	1,522,253	83,960	5.8%
Orleans	1,877,499	2,059,257	181,758	9.7%
Rutland	11,305,494	11,482,721	177,227	1.6%
Washington	6,982,238	7,378,726	396,488	5.7%
Windham	8,721,991	8,963,319	241,328	2.8%
Windsor	9,582,349	9,985,970	403,621	4.2%
Out of State	116,275	125,181	8,906	7.7%
Consolidated ²	2,342,390	2,524,614	182,224	7.8%
GRAND TOTAL ¹	\$86,361,500	\$91,556,614	\$5,195,114	6.0%

¹ Individual numbers may not sum to total due to rounding.

² Consolidated as a county name represents businesses with multiple locations within Vermont.

FY1999 MEALS AND ROOMS STATISTICS

Summary by County

<u>COUNTY</u>	<u>TAXABLE MEALS</u>	<u>TAXABLE RENTS</u>	<u>TAXABLE ALCOHOL</u>	<u>TAXABLE RECEIPTS</u>	<u>TOTAL TAX¹</u>
Addison	\$22,611,982	\$7,923,896	\$3,302,262	\$33,838,141	\$3,077,866
Bennington	43,049,139	30,481,554	8,663,785	82,194,478	7,484,127
Caledonia	16,621,733	4,305,857	2,179,687	23,107,277	2,101,454
Chittenden	150,846,228	47,545,028	26,577,130	224,968,387	20,512,909
Essex	1,813,605	659,566	357,520	2,830,691	258,337
Franklin	20,173,152	5,231,272	2,631,670	28,036,094	2,549,560
Grand Isle	2,685,514	1,284,309	353,961	4,323,784	392,679
Lamoille	36,102,414	39,971,966	7,713,449	83,787,829	7,618,038
Orange	11,233,991	3,375,931	1,234,003	15,843,926	1,438,293
Orleans	13,160,313	5,421,521	2,051,385	20,633,219	1,877,499
Rutland	64,719,259	43,967,653	15,236,889	123,923,801	11,305,494
Washington	50,858,183	17,650,684	8,164,532	76,673,399	6,982,238
Windham	55,383,970	28,459,238	11,761,139	95,604,347	8,721,991
Windsor	52,259,322	42,249,812	10,765,370	105,274,504	9,582,349
Consolidated ²	26,026,558			26,026,558	2,342,390
Out-of-State	990,465	224,391	69,382	1,284,238	116,275
GRAND TOTAL ¹	568,535,829	278,752,679	101,062,166	948,350,675	86,361,500

FY2000 MEALS AND ROOMS STATISTICS

Summary by County

<u>COUNTY</u>	<u>TAXABLE MEALS</u>	<u>TAXABLE RENTS</u>	<u>TAXABLE ALCOHOL</u>	<u>TAXABLE RECEIPTS</u>	<u>TOTAL TAX¹</u>
Addison	23,698,291	8,705,018	3,478,220	35,881,530	3,264,120
Bennington	46,211,841	30,821,750	9,290,998	86,324,588	7,862,122
Caledonia	17,482,335	4,777,955	2,194,216	24,454,506	2,222,848
Chittenden	164,637,591	54,239,432	29,645,487	248,522,510	22,663,479
Essex	1,868,492	657,623	386,673	2,912,788	266,018
Franklin	21,732,896	5,659,628	2,841,253	30,233,778	2,749,452
Grand Isle	3,015,686	1,662,562	451,397	5,129,645	466,182
Lamoille	37,912,342	41,978,285	8,301,954	88,192,581	8,020,351
Orange	12,053,696	3,331,842	1,375,553	16,761,091	1,522,253
Orleans	14,080,058	6,235,042	2,308,986	22,624,085	2,059,257
Rutland	66,191,311	44,360,644	15,330,456	125,882,411	11,482,721
Washington	53,670,618	18,961,255	8,418,571	81,050,445	7,378,726
Windham	56,924,986	29,511,958	11,839,971	98,276,915	8,963,319
Windsor	54,089,625	44,367,016	11,248,745	109,705,387	9,985,970
Consolidated ²	28,051,270		1	28,051,271	2,524,614
Out-of-State	941,157	352,548	87,479	1,381,184	125,181
GRAND TOTAL ¹	602,562,198	295,622,557	107,199,960	1,005,384,715	91,556,614

¹ Individual numbers may not sum to total due to rounding.

² Consolidated as a county name represents businesses with multiple locations within Vermont.

FISCAL YEAR COMPARISON OF RECEIPTS

GENERAL FUND

<u>Type of Tax</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>% Chg</u>
Beverage	\$4,699,502	\$4,714,840	\$4,818,535	2.2
Captive Insurance	9,356,490	10,036,744	10,001,477	-0.4
Cigarette & Tobacco	26,621,078	25,644,688	25,505,609	-0.5
Electrical Energy	3,351,508	3,575,102	5,927,676	65.8
Estate	19,157,464	23,358,035	13,550,487	-42.0
Income, Corporate	50,630,809	53,822,706	47,094,369	-12.5
Income, Personal	365,959,020	382,824,774	431,955,919	12.8
Insurance	20,055,072	20,399,766	20,400,650	0.0
Land Gains	749,822	928,744	1,729,903	86.3
Meals & Rooms	77,398,408	86,899,927	92,039,296	5.9
Miscellaneous ¹	13,094,162	15,003,928	16,247,981	8.3
Property Transfer	15,142,612	19,212,224	20,934,847	9.0
Sales & Use ²	202,141,718	218,570,309	230,376,889	5.4
Telephone	9,842,841	9,753,029	10,327,796	5.9
TOTAL	\$818,200,506	\$874,744,816	\$930,911,434	6.4

TRANSPORTATION FUND

Railroad	\$150,243	\$79,156	\$66,687	-15.8
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SPECIAL INTEREST FUNDS

Campaign Finance Fund	n/a	\$7,389	\$13,331	80.4
Childrens' Trust	66,390	79,172	81,185	2.5
Non-Game Wildlife	129,464	119,250	118,567	-0.6
TOTAL REVENUES	\$818,546,603	\$875,029,783	\$931,191,204	6.4

¹ Amount includes amusement, aviation jet fuel, bank franchise, break open tickets, freight lines, fuel gross receipts, hazardous waste, land use change, and solid waste.

² Includes sales tax on telecommunications.

WHAT EACH 1¢ / 1% RAISES IN CERTAIN TAXES*

(Estimates based upon estimated FY2000 revenues by Joint Fiscal Office)

1.	Bank Franchise (raised from .0096% to .0097%)	.09 million
2.	Cigarette (raised from 44¢ per pack to 45¢)	.54 million
3.	Diesel (raised from 25¢ to 26¢ per gallon)	.80 million
4.	Gasoline (raised from 19¢ to 20¢ per gallon)	3.30 million
5.	Meals and Rooms (raised from 9% to 10%)	10.03 million
6.	Personal Income (raised by one percentage point)	19.01 million
7.	Purchase & Use (raised from 6% to 7%)	12.50 million
8.	Sales and Use (raised from 5% to 6%)	46.00 million
9.	Telecommunications (raised from 4.36% to 5.36%)	3.61 million

*These simple yield rates assume no decline in demand in response to the price increase that would accompany a given tax increase, and no increase in demand that may be experienced with a price reduction due to a tax cut. This phenomenon, which is referred to by economists as the "price elasticity of demand," will slightly reduce the effective yield for most tax increases and similarly reduce the effective cost of most tax decreases. Although the price elasticity to demand will depend upon many conditions specific to a given tax, such as tax rates in competitive adjoining tax jurisdictions, the size of the tax change, the prior tax level, and the nature of the economic good being taxed, most effective tax yields fall between about 90% to 100% of an estimated simple yield.

Source: Joint Fiscal Estimates based on January 2001 Official E-Board Forecast for Fiscal Year 2002.